



US Army Corps
of Engineers

Construction Bulletin

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CEMP-C

Subject: Evaluated Total Cost Method (ETCM) Contracting

Applicability: INFORMATION

1. This construction bulletin is essentially a reissue of bulletin 93-7. The purpose of this bulletin is to remind you that the use of ETCM contracting has been extended indefinitely. This method of contracting may be used on contracts which you feel will show benefits to the Government.
2. For the two-year period ending September 1992 a test was conducted on the use of ETCM contracting across the Corps. The results of the test were very favorable, both from the standpoint of the benefits of using the method and the competition received from the contracting community. The primary benefit is that contracts were normally completed earlier than estimated, and at no additional cost to the Government. Another advantage is an easier modification process, because of the fact that overhead rates are submitted by the contractor with his bid, and they extend over the life of the contract.
3. It should be noted that during the test, several protests of the ETCM methodology were made. All of the protests were upheld in favor of the Government. It was determined by the General Accounting Office that the method did not subject contractors to unreasonable risk, and that the formula for evaluating the impact of each bidder's delivery schedule and overhead on price is neither contrary to the Competition in Contracting Act of 1984 nor unreasonable. The methodology is sound from a practical and procedural standpoint, and it should stand up to any further scrutiny.
4. Based on the fact that the ETCM methodology which was outlined in a previous instruction letter has proven to be effective, and has withstood the test of protests, it should not be modified without due consideration of these facts. Above all it should be remembered that only price and price related factors are allowed in sealed bids as in the ETCM method. A copy of the previously issued instruction can be obtained by contracting Construction Policy Branch (CEMP-CP), at 202-761-1443.

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5. This construction bulletin has been coordinated with the HQUSACE Office of Counsel (CECC-C), the Principal Assistant Responsible for Contracting (CEPR-ZA), and the Operations, Construction and Readiness Division (CECW-OC).


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